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ENVIRONMENTAL QUALITY COMMISSION

14 REILLY ROAD FRANKFORT, KY 40601-1132

March 24, 2003

PAUL E. PATTON GOVERNOR

Sent to Kentucky's Congressional Delegation:

The Kentucky Environmental Quality Commission, a seven member advisory commission to the Governor, would like to call your attention to a proposal to reduce funding for the Appalachian Regional Commission (ARC).

It has come to our attention that President Bush has proposed reducing ARC's non-highway funding from current levels by 50 percent. This proposal could seriously affect the pace of development in the 51 Appalachian counties of Kentucky. Each year throughout the region, ARC programs help build the framework necessary to create new create jobs, increase school readiness, improve local water and sewer systems, expand access to health care, assist local communities with strategic planning, and provide technical, managerial, and marketing assistance to emerging new businesses. In more concrete terms, more than 840,000 Appalachians now have access to clean water and sanitation facilities through ARC grants; a network of more than 400 ARC-funded primary care health facilities has been established; and ARC grants to revolving loan funds have assisted 1,357 small businesses in creating over 25,000 new jobs and saving nearly 31,000 existing jobs. From any perspective, ARC's impact in Appalachia has been substantial.

According to the ARC's 1997-2002 Strategic Plan, its mission is to be an advocate for and partner with the people of Appalachia to create opportunities for self-sustaining economic development and improved quality of life. Based on the Bush proposal, the ARC is expected to place less priority on assisting individual community projects and to focus instead on multi-state planning and coordination of other public and private investments in the region. This rationale to reduce ARC area development grant making is based on a suggestion that future projects would be funded by other agencies as they better target their resources to distressed areas. However, there is no indication that these other agencies will in fact set aside existing funds for the Appalachian region or receive additional appropriations to "better target" distressed areas.

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We are concerned about the impact this proposal will have on Kentucky and urge your immediate attention to this matter. Please consider funding ARC at authorized funding levels and to also maintain the current focus and goals of the ARC strategic plan, which emphasizes local projects. This assistance is greatly needed to continue resources for local projects that are so desperately needed in Kentucky.

Thank you for your consideration of this matter.

Chair, Environmental Quality Commission

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cc: Governor Paul E. Patton